PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

P.E.I. No. 1 Kensington
P.E.I. No. 2 Roseneath
P.E.I. No. 3 Elmsdale

PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

Thirteenth Annual Report

FOR THE FISCAL YEAR ENDED MARCH 31st

1990

KENSINGTON
PRINCE EDWARD ISLAND

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The HONOURABLE KEITH MILLIGAN

Minister Responsible for the
Prince Edward Island
Grain Elevators Corporation

Dear Sir:

We, the Board of Directors and the Management of the Prince Edward Island Grain Elevators Corporation, have the honor of submitting herewith the Thirteenth Annual Report of the Prince Edward Island Grain Elevators Corporation.

This report includes a brief summary of the operations and the audited financial statements of the Grain Elevators Corporation for the fiscal period April 1, 1989 ending March 31, 1990.

Respectfully submitted,

BOARD OF DIRECTORS

Prince Edward Island
Grain Elevators Corporation

THIRTEENTH ANNUAL REPORT

OF

THE PRINCE EDWARD ISLAND GRAIN

ELEVATORS CORPORATION

For the fiscal year April 1, 1989 to March 31, 1990

BOARD OF DIRECTORS

Allison McNally	President
Leonard McCardle	Vice-President
Clayton Bulpitt	Secretary-Treasurer
Earle Clark	Director
Allan Ling	Director
Gerald MacIsaac	Director
Ian Shaw	Director
Jim Whalen	Special Advisor

ADMINISTRATIVE OFFICE STAFF

Patrick Gaudet	Executive General Manager
Debra Montgomery	Administrative Officer
Barbara Walker	Accounting Technician
Shirley Ramsay	Part-time Clerk

ELEVATOR OPERATIONS STAFF
P.E.I. #1 – Kensington, P.E.I.

Clive Drummond	Manager
Kenneth McCarville	Assistant Manager
Andy Gauthier	Elevator Worker/Operator
Eric Proctor	Labourer

P.E.I. #2 – Roseneath, P.E.I.

J. Ronald Somers	Manager
Bill McGuigan	Elevator Worker/Operator

P.E.I. #3 - Elmsdale, P.E.I.

Donald McCarthy ..... Manager
Edmond Gaudet ..... Elevator Worker

The Prince Edward Island Grain Elevators Corporation is a Crown Corporation of the Province of Prince Edward Island under the authority of the Minister of Agriculture.

The Prince Edward Island Grain Elevator Corporation was established under Bill No. 49, the 4th Session, 43rd General Assembly; 26 Elizabeth 11, 1977.

OBJECTIVE OF THE CORPORATION

The objective of the Corporation is to stimulate local feed grain production and to bring uniformity to the industry through marketing of local grain on Prince Edward Island and throughout the Atlantic Provinces.

The Prince Edward Island Grain Elevators Corporation provides a central marketing, drying, storage and distribution outlet to the grain producer, livestock feeder and the feed industry.

FINANCIAL PARTICIPATION

The Prince Edward Island Government provides funding to purchase grain and funds for the Corporation's operating costs. These funds are returned to the Provincial Treasury from the sale of grain and services provided by the Corporation through drying charges, handling and elevator charges, storage and interest charges.

1989-90 CROP YEAR CONDITIONS

The 1989-90 crop year was good with yields being high and good bushel weight. The average protein of barley was 11.88% and the average protein of wheat was 14.32%.

PRODUCERS AND USERS OF GRAIN

This report covers the period April 1, 1989 to March 31, 1990, which was the thirteenth year of operation of the Prince Edward Island Grain Elevators Corporation, the seventeenth year for the Kensington Grain Elevator, the thirteenth year for the Roseneath Grain Elevator, and the twelfth year for the Elmsdale Grain Elevator.

The following is a breakdown of buyers and sellers who are using the grain elevator system:

Kensington (No. 1): There were approximately 150 buyers of grains. The cheques issued to Island grain producers totalled $1,265,100.

Roseneath (No. 2): There were approximately 75 buyers of grains. The cheques issued to Island grain producers totalled $885,275.

Elmsdale (No. 3): There were approximately 50 buyers of grains. The cheques issued to Island grain producers totalled $726,580.

The average price paid to the Island grain producer was as follows:

Barley	- $126.65 m.t.
Oats	- $121.30 m.t.
Wheat	- $164.50 m.t.
Mixed Grain	- $105.00 m.t.

The average price paid for Western grains and Ontario Corn was as follows:

Corn	- $150.05 m.t.
Soybean Meal	- $364.35 m.t.

VOLUME OF HANDLINGS AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat purchased		
P.E.I. #1 Kensington	725.959	
P.E.I. #2 Roseneath	1614.194	
P.E.I. #3 Elmsdale	–	
Total	2440.970	
No Western Wheat purchased		
Total Wheat purchased		2440.970
Island Mixed Grain purchased		
P.E.I. #1 Kensington	120.873	
P.E.I. #2 Roseneath	388.118	
P.E.I. #3 Elmsdale	361.209	
Total Mixed Grain purchased		870.200
Hulless Oats purchased		
P.E.I. #2 Roseneath	54.214	
Island Oats purchased		
P.E.I. #1 Kensington	343.875	
P.E.I. #2 Roseneath	576.652	
P.E.I. #3 Elmsdale	764.216	
Total Oats purchased		1738.957
Island Barley purchased		
P.E.I. #1 Kensington	8776.293	
P.E.I. #2 Roseneath	3225.078	
P.E.I. #3 Elmsdale	4586.470	
Total	16587.841	
Western Barley purchased		
P.E.I. #1 Kensington	1127.896	
P.E.I. #2 Roseneath	147.760	
P.E.I. #3 Elmsdale	–	
Total	1275.656	
Total Barley purchased		17863.497

Ontario Corn purchased		
P.E.I. #1 Kensington	995.643	
P.E.I. #2 Roseneath	48.827	
P.E.I. #3 Elmsdale	49.500	
Total Corn purchased		1093.970
Soybean Meal purchased		
P.E.I. #1 Kensington	648.020	
Soybeans purchased		
P.E.I. #1 Kensington	13.211	
P.E.I. #2 Roseneath	631.663	
Total Soybeans Purchased		644.874
Lupins purchased		
P.E.I. #2 Roseneath	116.745	
Total Grain purchased - by elevators		
P.E.I. #1 Kensington	12751.770	
P.E.I. #2 Roseneath	6803.251	
P.E.I. #3 Elmsdale	5862.212	
	25,417.233	

As well as purchasing grain from farmers, each elevator also receives grain to dry and store. These volumes are as follows:

P.E.I. #1 Kensington		
Barley	41.104	
Oats	22.417	
Total		63.521
P.E.I. #2 Roseneath		
Barley	482.970	
Wheat	221.896	
Corn	30.254	
Total		735.120
P.E.I. #3 Elmsdale		
Wheat	80.674	
Total		80.674

The Roseneath Grain Elevator also dried, cleaned, graded and shipped approximately 755 metric tonnes of milling wheat.

VOLUME OF SALES AT EACH ELEVATOR

	Metric Tonnes	
Island Wheat sold		
P.E.I. #1 Kensington	785.928	
P.E.I. #2 Roseneath	310.290	
P.E.I. #3 Elmsdale	186.026	
Total	1282.244	
No Western Wheat sold		
Total Wheat sold		1282.244
Island Mixed Grain sold		
P.E.I. #1 Kensington	190.468	
P.E.I. #2 Roseneath	435.750	
P.E.I. #3 Elmsdale	391.914	
Total Mixed Grain Sold		1018.132
Island Oats sold		
P.E.I. #1 Kensington	555.179	
P.E.I. #2 Roseneath	327.195	
P.E.I. #3 Elmsdale	301.702	
Total	1184.076	
Hull-less Oats sold		
P.E.I. #1 Kensington	22.000	
Total Oats sold		1206.076
Island Barley sold		
P.E.I. #1 Kensington	5351.132	
P.E.I. #2 Roseneath	1433.941	
P.E.I. #3 Elmsdale	3004.630	
Total	9789.703	

Western Barley sold

P.E.I. #1 Kensington	1282.160	
P.E.I. #2 Roseneath	249.585	
P.E.I. #3 Elmsdale	–	
Total	1531.745	
Total Barley sold		11321.448

Island Rye sold

P.E.I. #1 Kensington	30.595	

Ontario Corn sold

P.E.I. #1 Kensington	928.415	
P.E.I. #2 Roseneath	87.375	
P.E.I. #3 Elmsdale	116.492	
Total Corn sold		1132.282

Soybean sold

P.E.I. #1 Kensington	444.243	
P.E.I. #2 Roseneath	50.384	
P.E.I. #3 Elmsdale	146.842	
Total Soybean sold		641.469

Soybeans sold

P.E.I. #2 Roseneath	512.623	

Lupins sold

P.E.I. #2 Roseneath	41.280	

Total Grain sold – by elevator

P.E.I. #1 Kensington	9590.120	
P.E.I. #2 Roseneath	3448.423	
P.E.I. #3 Elmsdale	4147.606	
	17186.149	

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have examined the balance sheet of the Prince Edward Island Grain Elevators Corporation as at March 31, 1990 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. WAYNE MURPHY, C.A.

Auditor General

Charlottetown, Prince Edward Island
June 14, 1990

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT MARCH 31, 1990
(with comparative figures at March 31, 1989)

ASSETS

	1990	1989
CURRENT ASSETS		
Cash	$ 132,332	$ -
Accounts Receivable - Note 2	999,112	1,405,292
Prepaid Expenses	42,036	952
Inventory of Grain	1,559,638	529,814
Deposit on Hedge Contract - Note 7	108,604	-
	2,841,722	1,936,058
FIXED ASSETS		
Equipment - Note 3	19,500	37,500
	$2,861,222	$1,973,558

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Bank Overdraft	$ -	$ 11,042
Accounts Payable	65,130	74,199
Allowance for Contingent Loss - Note 4	49,732	49,732
Due to Province of Prince Edward Island	2,403,360	1,568,889
	2,518,222	1,703,862
EQUITY		
Retained Earnings (Deficit)	-	(73,304)
Contribution by the Province of P.E.I.	343,000	343,000
	343,000	269,696
	$2,861,222	$1,973,558

(Notes 1 to 7 are an integral part of these financial statements)

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 1990
(with comparative figures for the year ended March 31, 1989)

	1990		1989	
SALES		$2,701,364		$4,062,401
COST OF SALES				
Cost of goods sold	$2,515,388		$3,782,233	
Freight	32,718		65,884	
		2,548,106		3,848,117
GROSS PROFIT ON SALES		153,258		214,284
OTHER INCOME - Note 5		491,661		423,948
FEDERAL GRANTS - Note 6		314,747		301,963
PROVINCIAL OPERATING GRANT		195,200		168,605
		1,154,866		1,108,800
EXPENSES				
Salaries and Benefits	462,419		408,377	
Interest - Short Term	300,324		189,271	
Power, Light and Water	76,260		78,496	
Repairs and Maintenance	45,480		24,532	
Insurance	33,179		39,438	
Truck	19,207		21,838	
Depreciation	18,000		18,000	
Office and General	38,599		26,454	
Honorariums	15,531		12,718	
Bad Debt	69,722		-	
Travel	19,811		15,604	
Telephone and Telegraph	14,830		14,138	
Professional Services	6,588		9,668	
Advertising	8,844		4,708	
Household and Clothing	9,054		8,851	
Field Supplies and Equipment	7,911		8,048	
Federal Projects - Note 6	314,747	1,460,506	301,963	1,182,104
INCOME (LOSS) ON OPERATIONS		(305,640)		(73,304)
Provincial Appropriations for losses		378,944		-
INCOME (LOSS) FOR THE PERIOD		73,304		(73,304)
RETAINED EARNINGS (DEFICIT), Beginning of Year		(73,304)		-
RETAINED EARNINGS (DEFICIT), End of Year		$ 0		$ (73,304)

(Notes 1 to 7 are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1990

1. Summary of Significant Accounting Policies:

   (a) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, one percent of the remaining accounts are included in the allowance.

   (b) Inventory is valued at the lower of first-in, first-out cost and replacement value.

   (c) Asset purchases less than $5,000 are expensed in the period of purchase.

   (d) Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

   (e) The Province of P.E.I. provides the elevator facilities to the Corporation at no charge and is also responsible for most capital repairs. The Corporation's operating results do not reflect these benefits.

2.

	1990	1989
Accounts Receivable - Trade	$528,038	$520,247
Less: Deposits held	72,991	133,047
Allowance for Doubtful Accounts	89,556	19,922
	365,491	367,278
Accounts Receivable - Special Bin	413,455	818,947
- Freight Assistance	59,752	23,145
- Other	160,414	172,543
- Deposit with Broker	-	23,379
	$999,112	$1,405,292

3.

	1990	1989
Fixed Assets		
Equipment (cost)	$119,443	$119,443
Less: Accumulated Depreciation	99,943	81,943
	$ 19,500	$ 37,500

4. Contingent Liabilities: In 1978 an account receivable of $89,000 was assigned to the Prince Edward Island Lending Authority. The Corporation has guaranteed repayment to the Authority. A likely loss of $49,732 on this account has been charged to income since 1978.

5.

	1990	1989
Other Income		
Handling and Drying	$100,370	$115,950
Storage Fees	32,128	51,468
Miscellaneous	112,774	81,174
Hedging Income (Loss)	2,824	(63,171)
Feed Freight Assistance	243,565	238,527
	$491,661	$423,948

6. Federal Grant Projects

During 1989-90 the Corporation recognized grant revenue from the Atlantic Livestock Feed Initiatives program. These grants were for Corporation projects that qualified under the program guidelines. The Corporation projects included:

- Storage expansion at elevator #1	$271,474
- Storage Study	27,062
- Other projects	16,211
	$314,747

Any revenue not received during 1989-90 is reflected as a receivable at March 31, 1990. Since the projects are 100 percent funded by the Federal program, any fixed assets acquired under this program are not reflected on the Corporation's balance sheet.

7. At March 31, 1990 the Grain Elevators Corporation had a deposit with their broker of $108,604 relating to barley futures contracts totalling $994,700. At March 31, 1990 these contracts provided for the sale of 4,760 tonnes of May 1990 barley for an average price of $115.08 and 3,740 tonnes of July 1990 barley for an average price of $119.49.